***Organizational Theory, Design, and Change, 7e* (Jones)**
Chapter 4 Basic Challenges of Organizational Design

1) Differentiation is the process of establishing and controlling the division of labor in an organization.
Answer: TRUE
Page Ref: 92
Difficulty: Easy
LO: 4-1

2) Division of labor and differentiation are high in a complex organization.
Answer: TRUE
Page Ref: 92
Difficulty: Easy
LO: 4-1

3) An organizational role is a set of task-related behaviors required of a person by his or her position in an organization.
Answer: TRUE
Page Ref: 94
Difficulty: Easy
LO: 4-1

4) Support functions manage and improve the efficiency of an organization's conversion processes so that more value is created.
Answer: FALSE
Page Ref: 95
Difficulty: Easy
LO: 4-1

5) Research and development is an example of a maintenance function.
Answer: FALSE
Page Ref: 96
Difficulty: Moderate
LO: 4-1

6) Subunit orientation is the tendency to view one's role in the organization strictly from the perspective of the time frame, goals, and interpersonal orientations of one's subunit.
Answer: TRUE
Page Ref: 99
Difficulty: Easy
LO: 4-2

7) Integration is the way in which a company allocates people and resources to organizational tasks.
Answer: FALSE
Page Ref: 99
Difficulty: Easy
LO: 4-2

8) The simplest integrating mechanism is to establish direct contact between people in different subunits.
Answer: FALSE
Page Ref: 99
Difficulty: Moderate
LO: 4-2

9) A task force is a permanent committee formed to handle problems that exist within an organization.
Answer: FALSE
Page Ref: 100
Difficulty: Easy
LO: 4-2

10) An integrating role is a full-time managerial position established specifically to improve communication between divisions.
Answer: TRUE
Page Ref: 102
Difficulty: Easy
LO: 4-2

11) Differentiation and integration are both expensive in terms of the number of managers employed and the amount of managerial time spent on coordinating organizational activities.
Answer: TRUE
Page Ref: 103
Difficulty: Moderate
LO: 4-2

12) Decentralization promotes flexibility and responsiveness within an organization.
Answer: TRUE
Page Ref: 105
Difficulty: Easy
LO: 4-2

13) Formalization is more appropriate in environments that require high levels of mutual adjustment.
Answer: FALSE
Page Ref: 106-107
Difficulty: Moderate
LO: 4-2

14) Norms are formalized rules of behavior within an organization.
Answer: FALSE
Page Ref: 107
Difficulty: Moderate
LO: 4-2

15) Integrating mechanisms such as task forces and teams help increase the level of standardization within an organization.
Answer: FALSE
Page Ref: 108
Difficulty: Moderate
LO: 4-2

16) Tasks associated with a role are clearly defined in a mechanistic structure.
Answer: TRUE
Page Ref: 110
Difficulty: Moderate
LO: 4-3

17) Organizations are very status conscious in mechanistic structures.
Answer: TRUE
Page Ref: 110
Difficulty: Moderate
LO: 4-3

18) Organic structures follow a centralized decision-making structure.
Answer: FALSE
Page Ref: 110
Difficulty: Easy
LO: 4-3

19) The contingency approach to organizational design tailors organizational structure to the sources of uncertainty facing an organization.
Answer: TRUE
Page Ref: 112
Difficulty: Easy
LO: 4-4

20) Top managers should make all the decisions if an organization faces a rapidly changing environment.
Answer: FALSE
Page Ref: 115
Difficulty: Moderate
LO: 4-4

21) ________ is the process by which an organization allocates people and resources to organizational tasks and establishes the task and authority relationships that allow the organization to achieve its goals.
A) Differentiation
B) Decentralization
C) Integration
D) Standardization
Answer: A
Page Ref: 92
Difficulty: Easy
LO: 4-1

22) ________ is the power to hold people accountable for their actions and to make decisions about how to invest and use organizational resources.
A) Orientation
B) Motivation
C) Capability
D) Authority
Answer: D
Page Ref: 95
Difficulty: Easy
LO: 4-1

23) A ________ is a subunit composed of a group of people, working together, who possess similar skills or use the same kind of knowledge, tools, or techniques to perform their jobs.
A) hierarchy
B) class
C) function
D) division
Answer: C
Page Ref: 95
Difficulty: Easy
LO: 4-1

24) Which of the following functions facilitate an organization's control of its relations with its environment and stakeholders?
A) production functions
B) support functions
C) adaptive functions
D) managerial functions
Answer: B
Page Ref: 95
Difficulty: Easy
LO: 4-1

25) ________ functions manage and improve the efficiency of an organization's conversion processes to create more value.
A) Managerial
B) Support
C) Production
D) Maintenance
Answer: C
Page Ref: 96
Difficulty: Easy
LO: 4-1

26) Quality control is a part of ________ function.
A) managerial
B) support
C) production
D) maintenance
Answer: C
Page Ref: 96
Difficulty: Moderate
LO: 4-1

27) Recruiting and training employees to improve skills is a(n) ________ function.
A) adaptive
B) maintenance
C) production
D) managerial
Answer: B
Page Ref: 96
Difficulty: Easy
LO: 4-1

28) ________ functions allow an organization to adjust to changes in the environment.
A) Maintenance
B) Adaptive
C) Support
D) Production
Answer: B
Page Ref: 96
Difficulty: Easy
LO: 4-1

29) Which of the following is an adaptive function?
A) resource acquisition
B) purchasing
C) quality control
D) long-range planning
Answer: D
Page Ref: 96
Difficulty: Easy
LO: 4-1

30) ________ functions facilitate the control and coordination of activities within and among departments.
A) Managerial
B) Adaptive
C) Support
D) Maintenance
Answer: A
Page Ref: 96
Difficulty: Easy
LO: 4-1

31) A(n) ________ is a classification of people in an organization according to authority and rank.
A) hierarchy
B) architecture
C) culture
D) orientation
Answer: A
Page Ref: 97
Difficulty: Easy
LO: 4-1

32) ________ refers to the way in which an organization groups organizational tasks into roles and roles into subunits.
A) Vertical integration
B) Horizontal differentiation
C) Vertical differentiation
D) Horizontal integration
Answer: B
Page Ref: 97
Difficulty: Easy
LO: 4-1

33) Which of the following refers to the way in which an organization designs its hierarchy of authority and creates reporting relationships to link organizational roles and subunits?
A) vertical integration
B) horizontal differentiation
C) vertical differentiation
D) horizontal integration
Answer: C
Page Ref: 97
Difficulty: Easy
LO: 4-1

34) ________ is the process of coordinating various tasks, functions, and divisions to work together and not be at cross-purposes.
A) Subunit orientation
B) Integration
C) Differentiation
D) Decentralization
Answer: B
Page Ref: 99
Difficulty: Easy
LO: 4-2

35) Which of the following is the simplest integrating technique?
A) integrating role
B) hierarchy of authority
C) task force
D) integrating department
Answer: B
Page Ref: 99
Difficulty: Easy
LO: 4-2

36) A salesperson for a computer accessories manufacturer reports to the sales manager of the computer screen division. Identify the integrating technique used in this case.
A) hierarchy of authority
B) direct contact
C) integrating role
D) liaison role
Answer: A
Page Ref: 100
Difficulty: Moderate
LO: 4-2

37) The marketing and manufacturing managers of the sportswear division of a sports goods company meet to discuss the launch of a new line of football jerseys. The integrating technique used in this case is ________.
A) integrating role
B) direct contact
C) task force
D) integrating department
Answer: B
Page Ref: 100
Difficulty: Moderate
LO: 4-2

38) Which of the following is an integrating mechanism where an existing manager meets face to face to coordinate activities?
A) integrating role
B) task force
C) integrating department
D) direct contact
Answer: D
Page Ref: 100
Difficulty: Easy
LO: 4-2

39) ________ is an integration mechanism where a specific manager is given responsibility for coordinating with managers from other subunits on behalf of his or her subunit.
A) Liaison role
B) Task force
C) Integrating role
D) Direct contact
Answer: A
Page Ref: 100
Difficulty: Easy
LO: 4-2

40) Robert Downs, the CEO of a manufacturing firm, wants to improve the communication between marketing and production departments. He asks one manager from each department to coordinate the communication between these departments. Identify the integrating mechanism used in this case.
A) task force
B) integrating department
C) direct contact
D) liaison role
Answer: D
Page Ref: 100
Difficulty: Easy
LO: 4-2

41) Managers meet in temporary committees to coordinate cross-functional activities in some cases. This is an example of using a(n) ________ to integrate activities.
A) integrating role
B) task force
C) team
D) integrating department
Answer: B
Page Ref: 100
Difficulty: Easy
LO: 4-2

42) A cell-phone manufacturer forms a temporary committee to find new ways to position its products. Identify the integrating mechanism used in this case.
A) integrating role
B) team
C) task force
D) integrating department
Answer: C
Page Ref: 100
Difficulty: Moderate
LO: 4-2

43) A firm hires a supervisor to handle the communication between two functions. Which of the following integrating mechanisms is used in this case?
A) integrating role
B) direct contact
C) task force
D) integrating department
Answer: A
Page Ref: 100
Difficulty: Moderate
LO: 4-2

44) Which of the following refers to the integration mechanism where a new team of managers is created to coordinate the activities of functions or divisions?
A) integrating department
B) direct contact
C) task force
D) hierarchy of authority
Answer: A
Page Ref: 100
Difficulty: Easy
LO: 4-2

45) Which of the following integrating mechanisms involves creating a permanent committee to promote coordination within an organization?
A) task force
B) integrating department
C) team
D) liaison role
Answer: C
Page Ref: 101
Difficulty: Easy
LO: 4-2

46) Which of the following integrating mechanisms is most appropriate for a complex and highly differentiated organization?
A) integrating role
B) direct contact
C) liaison role
D) hierarchy of authority
Answer: A
Page Ref: 102
Difficulty: Moderate
LO: 4-2

47) Which of the following is a difference between an integrating role and a liaison role?
A) A liaison role is a more complex integrating mechanism than an integrating role.
B) An integrating role is a full-time managerial position whereas a liaison role is a task involved in a full-time job.
C) The ranking of employees is irrelevant for the integrating role whereas it becomes very significant in the liaison role.
D) An integrating role's influence is limited to a single department whereas a liaison role's influence extends across multiple departments.
Answer: B
Page Ref: 102
Difficulty: Moderate
LO: 4-2

48) A complex organization that is differentiated to a large extent needs a(n) ________.
A) high level of integration to coordinate its activities effectively
B) informal operating procedures and controls
C) lesser number of supporting functions and managers
D) simpler method of integrating the organizational departments
Answer: A
Page Ref: 103
Difficulty: Easy
LO: 4-2

49) ________ involves choices about distributing authority within an organization.
A) Standardization
B) Subunit orientation
C) Centralization
D) Vertical differentiation
Answer: D
Page Ref: 103
Difficulty: Easy
LO: 4-2

50) Top-level managers make all the important decisions in an organization. This organization is said to be ________.
A) differentiated
B) formalized
C) centralized
D) decentralized
Answer: C
Page Ref: 103-104
Difficulty: Moderate
LO: 4-2

51) ________ refers to a situation where the authority to make important decisions is retained by managers at the top of the hierarchy.
A) Centralization
B) Standardization
C) Formalization
D) Differentiation
Answer: A
Page Ref: 103-104
Difficulty: Easy
LO: 4-2

52) ________ refers to a situation in which the authority to make important decisions about organizational resources and new projects is delegated to managers at all levels in the hierarchy.
A) Formalization
B) Standardization
C) Integration
D) Decentralization
Answer: D
Page Ref: 104
Difficulty: Easy
LO: 4-2

53) A disadvantage of centralization is that ________.
A) the organization tends to lose its focus on achieving its goals
B) coordination becomes difficult to achieve within the organization
C) the top managers have little time for long-term strategic decision-making
D) the extent of standardization is reduced within the organization
Answer: C
Page Ref: 104
Difficulty: Moderate
LO: 4-2

54) An advantage of centralization is that it ________.
A) keeps the organization focused on organizational goals
B) gives top managers ample time to focus on strategic decision-making
C) allows lower-level managers to make on-the-spot decisions
D) promotes flexibility and responsiveness within an organization
Answer: A
Page Ref: 104
Difficulty: Moderate
LO: 4-2

55) An advantage of decentralization is that it ________.
A) ensures formalization of procedures and policies within an organization
B) promotes flexibility and responsiveness within an organization
C) keeps the organization focused on achieving its goals
D) simplifies the coordination process within an organization
Answer: B
Page Ref: 105
Difficulty: Moderate
LO: 4-2

56) An organization should adopt decentralization if it ________.
A) needs flexibility and responsiveness
B) requires high levels of internal control
C) aims to keep the operational costs low
D) faces problems in coordinating the activities
Answer: A
Page Ref: 105
Difficulty: Moderate
LO: 4-2

57) A disadvantage of decentralization is that it ________.
A) reduces the level of flexibility within an organization
B) makes lower level managers less responsive
C) fails to motivate the lower-level managers in an organization
D) makes planning and coordination very difficult
Answer: D
Page Ref: 105
Difficulty: Moderate
LO: 4-2

58) Standardizing the operations will help an organization in ________.
A) increasing the creativity of its employees
B) keeping the costs low
C) promoting mutual adjustment among different divisions
D) personalizing its customer service
Answer: B
Page Ref: 106
Difficulty: Easy
LO: 4-2

59) Which of the following refers to the compromise that emerges when decision-making and coordination are evolutionary processes and people use their judgment to address a problem?
A) centralization
B) mutual adjustment
C) formalization
D) standardization
Answer: B
Page Ref: 106
Difficulty: Easy
LO: 4-2

60) ________ refers to conformity to specific models or examples, defined by sets of rules and norms, that are considered proper in a given situation.
A) Standardization
B) Decentralization
C) Differentiation
D) Mutual adjustment
Answer: A
Page Ref: 106
Difficulty: Easy
LO: 4-2

61) Which of the following refers to the use of written rules and procedures to standardize operations?
A) horizontal differentiation
B) formalization
C) socialization
D) vertical differentiation
Answer: B
Page Ref: 106
Difficulty: Easy
LO: 4-2

62) A high level of formalization typically implies ________.
A) diffusion of power across the organization
B) centralization of authority
C) mutually adjusted approach to decision-making
D) encouragement of innovation and flexibility
Answer: B
Page Ref: 107
Difficulty: Moderate
LO: 4-2

63) People turn around to face the door when they enter an elevator. This behavior is observed although there are no formal rules. This is an example of a(n) ________.
A) norm
B) rule
C) benchmark
D) hierarchy
Answer: A
Page Ref: 107
Difficulty: Moderate
LO: 4-2

64) Norms are ________.
A) formal written statements that control behavior
B) atypical behaviors of a group of people
C) formal actions at lower levels in an organization
D) behaviors that are representative of a certain group
Answer: D
Page Ref: 107
Difficulty: Easy
LO: 4-2

65) Chiselers are employees who ________.
A) follow established group norms
B) carry out their duties within themselves
C) work too slowly
D) break the formal rules
Answer: C
Page Ref: 107
Difficulty: Easy
LO: 4-2

66) Rate-busters are employees who ________.
A) follow the group norms
B) work too quickly
C) work too slowly
D) break the formal rules
Answer: B
Page Ref: 107
Difficulty: Easy
LO: 4-2

67) ________ is the process by which organizational members learn and internalize the norms of an organization.
A) Mutual adjustment
B) Standardization
C) Differentiation
D) Socialization
Answer: D
Page Ref: 108
Difficulty: Easy
LO: 4-2

68) Mutual adjustment provides employees the opportunity to ________.
A) specialize in performing certain organizational tasks
B) standardize the tasks that they are performing
C) formalize the rules and procedures for working in an organization
D) discover new ways of achieving organizational goals
Answer: D
Page Ref: 108
Difficulty: Easy
LO: 4-2

69) Which of the following types of employees are most likely to follow standardized practices in performing their tasks?
A) office accountants
B) R&D executives
C) advertising executives
D) public relations officers
Answer: A
Page Ref: 108
Difficulty: Easy
LO: 4-2

70) Which of the following is the major integrating mechanism used in mechanistic structures?
A) hierarchy of authority
B) task forces
C) teams
D) integrating departments
Answer: A
Page Ref: 109
Difficulty: Moderate
LO: 4-3

71) Mechanistic structures result when ________.
A) employees work collaboratively and across several functions
B) authority is delegated to people at all levels of the organization
C) extensive use is made of rules and SOPs to coordinate tasks
D) most of the communication within the organization is lateral
Answer: C
Page Ref: 109
Difficulty: Moderate
LO: 4-3

72) Organic structures result when ________.
A) organizational authority is not delegated
B) integrative mechanisms are relatively simple
C) standard operating procedures are used to coordinate tasks
D) work processes are relatively unpredictable
Answer: D
Page Ref: 109
Difficulty: Moderate
LO: 4-3

73) An organization uses task forces to coordinate the activities of various departments. Employees also work in teams to increase coordination. This organization most likely has a(n) ________ structure.
A) mechanistic
B) bureaucratic
C) organic
D) centralized
Answer: C
Page Ref: 109
Difficulty: Moderate
LO: 4-3

74) Which of the following is a characteristic of organic structures?
A) joint specialization of tasks
B) standardization of procedures
C) centralization of authority
D) simple methods of integration
Answer: A
Page Ref: 110
Difficulty: Easy
LO: 4-3

75) You are the CEO of a small firm that manufactures office furniture. The decision-making authority in your firm rests almost entirely with you and your closest associates. You introduce a set of rules and procedures designed to induce predictable and accountable behaviors among employees. Your firm has a(n) ________ structure.
A) mechanistic
B) mutually adjusted
C) organic
D) integrative
Answer: A
Page Ref: 110
Difficulty: Moderate
LO: 4-3

76) Structures that are designed to induce people to behave in predictable and accountable ways are called ________ structures.
A) decentralized
B) mechanistic
C) organic
D) mutually adjusted
Answer: B
Page Ref: 110
Difficulty: Easy
LO: 4-3

77) A mechanistic structure is characterized by ________.
A) high levels of standardization
B) complex integrating mechanisms
C) rules that are defined informally
D) decentralized organizational structures
Answer: A
Page Ref: 110
Difficulty: Easy
LO: 4-3

78) ________ structures promote flexibility, so people initiate change and can adapt quickly to changing conditions.
A) Mechanistic
B) Standardized
C) Organic
D) Centralized
Answer: C
Page Ref: 110
Difficulty: Easy
LO: 4-3

79) Organic structures are characterized by ________.
A) loosely defined organizational roles
B) predictable work processes
C) high levels of standardization
D) centralized organizational structures
Answer: A
Page Ref: 110
Difficulty: Moderate
LO: 4-3

80) Organic structures ________.
A) are used by small organizations
B) initiate innovative behaviors
C) make use of rules and SOPs to coordinate tasks
D) are suited to handle emergencies
Answer: B
Page Ref: 111
Difficulty: Easy
LO: 4-3

81) ________ is a management approach in which the design of an organization's structure is tailored to the sources of uncertainty facing an organization.
A) Contingency approach
B) Standardized approach
C) Specialized approach
D) Mechanistic approach
Answer: A
Page Ref: 112
Difficulty: Easy
LO: 4-4

82) According to contingency theory, in order to manage its environment effectively, an organization should ________.
A) use mechanistic structures to make organizational decisions
B) design its internal structure to control the external environment
C) concentrate all authority within the top-management level
D) limit the extent of internal differentiation and integration
Answer: B
Page Ref: 112
Difficulty: Easy
LO: 4-4

83) According to the study conducted by Lawrence and Lorsch, an organization functioning in a highly unstable environment was most effective when it ________.
A) used rules and SOPs extensively to coordinate tasks
B) concentrated decision-making authority at the top-management level
C) incorporated high levels of organizational integration
D) relied more on mutual adjustment between subunits
Answer: D
Page Ref: 114
Difficulty: Easy
LO: 4-4

84) Which of the following statements is true of an organization that adopts an organic structure to deal with high environmental uncertainty?
A) The organization needs to decentralize decision-making.
B) The organization should have low levels of differentiation.
C) The organization needs to adopt formalized rules and procedures.
D) The organization should increase the level of standardization.
Answer: A
Page Ref: 115
Difficulty: Moderate
LO: 4-4

85) According to the study conducted by Tom Burns and G. M. Stalker, an organization functioning in a stable environment should have ________.
A) mechanistic organizational structure
B) high levels of integration
C) high levels of differentiation
D) decentralized decision-making procedures
Answer: A
Page Ref: 115
Difficulty: Moderate
LO: 4-4

86) Explain differentiation.
Answer: Differentiation is the process by which an organization allocates people and resources to organizational tasks and establishes the task and authority relationships that allow the organization to achieve its goals. In short, it is the process of establishing and controlling the division of labor, or degree of specialization, in the organization.
Page Ref: 92
Difficulty: Easy
LO: 4-1

87) What is an organizational role?
Answer: An organizational role is a set of task-related behaviors required of a person by his or her position in an organization.
Page Ref: 94
Difficulty: Easy
LO: 4-1

88) Define authority and control.
Answer: Authority is the power to hold people accountable for their actions and to make decisions about how to invest and use organizational resources. Control is the ability to coordinate and motivate people to work in the organization's interests.
Page Ref: 95
Difficulty: Easy
LO: 4-1

89) Explain the different kinds of functions that exist within an organization.
Answer: Support functions facilitate an organization's control of its relations with its environment and its stakeholders.

Maintenance functions enable an organization to keep its departments in operation.
Production functions manage and improve the efficiency of an organization's conversion processes so that more value is created.

Adaptive functions allow an organization to adjust to changes in the environment.
Managerial functions facilitate the control and coordination of activities within and among departments.
Page Ref: 95-96
Difficulty: Moderate
LO: 4-1

90) Distinguish between vertical differentiation and horizontal differentiation.
Answer: Vertical differentiation refers to the way in which an organization designs its hierarchy of authority and creates reporting relationships to link organizational roles and subunits. Vertical differentiation establishes the distribution of authority between levels to give the organization more control over its activities and increase its ability to create value.

Horizontal differentiation refers to the way in which an organization groups organizational task into roles and roles into subunits (functions and divisions). It establishes the division of labor that enables people in an organization to become more specialized and productive and increases its ability to create value.
Page Ref: 97
Difficulty: Moderate
LO: 4-1

91) What is subunit orientation?
Answer: Subunit orientation is a tendency to view one's role in the organization strictly from the perspective of the time frame, goals, and interpersonal orientations of one's subunit.
Page Ref: 99
Difficulty: Easy
LO: 4-2

92) Briefly describe the various integrating mechanisms used in organizations.
Answer: Hierarchy of authority: A ranking of employees integrates by specifying who reports to whom.

Direct contact: Managers meet face to face to coordinate activities.

Liaison role: A specific manager is given responsibility for coordinating with managers from other subunits on behalf of his or her subunit.

Task force: Managers meet in temporary committees to coordinate cross-functional activities.

Team: Managers meet regularly in permanent committees to coordinate activities.

Integrating role: A new role is established to coordinate the activities of two or more functions or divisions.

Integrating department: A new department is created to coordinate the activities of functions or divisions.
Page Ref: 99-102
Difficulty: Moderate
LO: 4-2

93) Comment on balancing differentiation and integration within an organization.
Answer: Managers must achieve an appropriate balance between differentiation and integration. A complex organization that is highly differentiated needs a high level of integration to coordinate its activities effectively. By contrast, when an organization has a relatively simple, clearly defined role structure, it normally needs to use only simple integrating mechanisms. Its managers may find that the hierarchy of authority provides all the control and coordination they need to achieve organizational goals.
Page Ref: 102-103
Difficulty: Moderate
LO: 4-2

94) Discuss the advantages and disadvantages of centralization.
Answer: The advantage of centralization is that it lets top managers coordinate organizational activities and keep the organization focused on its goals.

Centralization becomes a problem, however, when top managers become overloaded and immersed in operational decision-making about day-to-day resource issues. When this happens they have little time to spend on long-term strategic decision-making, and planning crucial future organizational activities, such as deciding on the best strategy to compete globally, is neglected.
Page Ref: 104
Difficulty: Moderate
LO: 4-2

95) Discuss the advantages and disadvantages of decentralization.
Answer: The advantage of decentralization is that it promotes flexibility and responsiveness by allowing lower-level managers to make on-the-spot decisions. Managers remain accountable for their actions but have the opportunity to assume greater responsibilities and take potentially successful risks.

The downside of decentralization is that if so much authority is delegated that managers at all levels can make their own decisions, planning and coordination become very difficult. Thus too much decentralization may lead an organization to lose control of its decision-making process.
Page Ref: 105
Difficulty: Easy
LO: 4-2

96) Write a brief note on how organizations balance centralization and decentralization.
Answer: The ideal situation for an organization is a balance between centralization and decentralization of authority so that middle and lower managers who are at the scene of the action are allowed to make important decisions, and top managers' primary responsibility becomes managing long-term strategic decision-making. The result is a good balance between long-term strategy making and short-term flexibility and innovation as lower-level managers respond quickly to problems and changes in the environment as they occur.
Page Ref: 105
Difficulty: Moderate
LO: 4-2

97) How can an organization establish a balance between standardization and mutual adjustment?
Answer: The challenge facing all organizations, large and small, is to design a structure that achieves the right balance between standardization and mutual adjustment. Standardization is conformity to specific models or examples that are considered proper in a given situation.

Mutual adjustment, on the other hand, is the evolving process through which people use their current best judgment of events rather than standardized rules to address problems, guide decision-making, and promote coordination. The right balance makes many actions predictable so that ongoing organizational tasks and goals are achieved, yet it gives employees the freedom to behave flexibly so they can respond to new and changing situations creatively.
Page Ref: 108
Difficulty: Moderate
LO: 4-2

98) Compare and contrast mechanistic structures and organic structures.
Answer: Mechanistic structures are designed to induce people to behave in predictable, accountable ways. Decision-making authority is centralized, subordinates are closely supervised, and information flows mainly in a vertical direction down a clearly defined hierarchy.

Organic structures promote flexibility, so people initiate change and can adapt quickly to changing conditions. Organic structures are decentralized so that decision-making authority is distributed throughout the hierarchy. People assume the authority to make decisions as organizational needs dictate. Roles are loosely defined and people continually develop new kinds of job skills to perform continually changing tasks.
Page Ref: 110
Difficulty: Moderate
LO: 4-3

99) Briefly describe the contingency approach to organizational design.
Answer: The contingency approach to organizational design tailors organizational structure to the sources of uncertainty facing an organization. The structure is designed to respond to various contingencies– things or changes that might happen and therefore must be planned for. One of the most important of these is the nature of the environment.
Page Ref: 112
Difficulty: Easy
LO: 4-4

100) Explain the relationship between environmental uncertainty and organizational structure based on the study conducted by Burns and Stalker.
Answer: When the environment is rapidly changing and on-the-spot decisions have to be made, lower-level employees need to have the authority to make important decisions–in other words, they need to be empowered. Moreover, in complex environments, rapid communication and information sharing are often necessary to respond to customer needs and develop new products. When the environment is stable, in contrast, there is no need for complex decision-making systems. Managing resource transactions is easy, and better performance can be obtained by keeping authority centralized in the top-management team and using top-down decision-making.
Page Ref: 115
Difficulty: Moderate
LO: 4-4